

**CURTIS, MALLET-PREVOST,
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*Conflicts Counsel for the Debtors
and Debtors In Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:
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LEHMAN BROTHERS HOLDINGS INC., et al.,	:
	:
Debtors.	:
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**FIRST INTERIM APPLICATION OF CURTIS, MALLET-PREVOST,
COLT & MOSLE LLP, AS CONFLICTS COUNSEL, FOR THE DEBTORS AND
DEBTORS IN POSSESSION FOR ALLOWANCE OF COMPENSATION FOR
PROFESSIONAL SERVICES RENDERED AND FOR REIMBURSEMENT
OF ACTUAL AND NECESSARY EXPENSES INCURRED
FOR THE PERIOD SEPTEMBER 26, 2008 THROUGH JANUARY 31, 2009**

NAME OF APPLICANT:	CURTIS, MALLET-PREVOST, COLT & MOSLE LLP
AUTHORIZED TO PROVIDE PROFESSIONAL SERVICES TO:	DEBTORS AND DEBTORS IN POSSESSION
DATE OF RETENTION:	NOVEMBER 21, 2008 <i>NUNC PRO TUNC</i> TO SEPTEMBER 26, 2008
PERIOD FOR WHICH COMPENSATION AND REIMBURSEMENT IS SOUGHT:	SEPTEMBER 26, 2008, THROUGH JANUARY 31, 2009
AMOUNT OF COMPENSATION REQUESTED:	\$4,611,589.50
AMOUNT OF EXPENSE REIMBURSEMENT REQUESTED:	\$151,402.02

TOTAL COMPENSATION AND EXPENSE
REIMBURSEMENT REQUESTED:

\$4,762,991.52

TOTAL COMPENSATION AND EXPENSES
PREVIOUSLY REQUESTED AND AWARDED:

NONE

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OF ACTUAL AND NECESSARY EXPENSES INCURRED
FOR THE PERIOD SEPTEMBER 26, 2008 THROUGH JANUARY 31, 2009**

TO THE HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE:

Curtis, Mallet-Prevost, Colt & Mosle LLP ("CMP"), as conflicts counsel for
Lehman Brothers Holdings Inc., and its direct and indirect subsidiaries, as debtors and debtors in
possession (collectively, the "Debtors"), respectfully submits this application (the "Application")
for allowance of first interim compensation for professional services rendered for the period
September 26, 2008 through and including January 31, 2009 (the "Compensation Period"), and
for reimbursement of its actual and necessary expenses incurred in connection with such
services. In support of this Application, CMP respectfully represents as follows:

**SUMMARY OF PROFESSIONAL COMPENSATION AND
REIMBURSEMENT OF EXPENSES REQUESTED**

1. This Application has been prepared in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “UST Guidelines”), and the Second Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “Administrative Order,” collectively with the Local Guidelines and UST Guidelines, the “Guidelines”). Pursuant to the Local Guidelines, a certification regarding compliance with the same is attached hereto as “Exhibit A.”¹

2. CMP attorneys and paraprofessionals expended a total of 8,985.80 hours representing the Debtors during the Compensation Period for which the firm requests compensation. CMP seeks allowance of interim compensation for services rendered to the Debtors in the amount of \$4,611,589.50, representing 100% of fees incurred during the Compensation Period, and for reimbursement of \$151,401.02, representing 100% of the actual and necessary expenses incurred during the Compensation Period.

3. During the Compensation Period, other than pursuant to the Administrative Order, CMP has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered in this Application. There is no agreement or understanding between CMP and

¹ As to contested matters, existing litigation, or possible additional litigation to be brought by, or against, the Debtors, adversary proceedings, and other actions or threatened actions, this Fee Application shall not constitute or be construed as an admission of any fact or any issue of liability, nor shall it constitute a stipulation, or a waiver, but rather as statements made without prejudice to the Debtors’ rights and interests in these chapter 11 cases.

any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

4. In accordance with the Administrative Order, CMP has received payments totaling \$3,840,680.22² for the Compensation Period, which consists of \$3,689,271.60, representing 80% of the fees incurred from September 26, 2008 through January 31, 2009, and \$151,401.02, representing 100% of the expenses incurred during such period.

5. The fees charged by CMP in these cases are billed in accordance with its existing billing rates and procedures in effect during the Compensation Period. The rates CMP charges for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates CMP charges for professional and paraprofessional services rendered in non-bankruptcy-related matters.³ Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable non-bankruptcy cases in a competitive national legal market.

6. Pursuant to the UST Guidelines, annexed hereto as “**Exhibit B**” is a schedule setting forth all CMP professionals and paraprofessionals who have performed services in these chapter 11 cases during the Compensation Period, the capacity in which each such individual is employed by CMP, the hourly billing rate charged by CMP for services performed by such individual, the aggregate number of hours expended in these proceedings and fees billed therefor, and the year in which each professional was first licensed to practice law.

² On the October 2008 Billing Statement, total fees incurred for that month for one paraprofessional appeared incorrectly as \$21,403.50. This resulted in an overcharge of \$7.60, which was included in the Debtors’ payment for that month. All amounts included herein, with the exception of the amount footnoted here and the total unpaid fees footnoted below, are true and correct, and do not include the overcharge in their calculation.

³ In instances where professionals spent less than one hour working on the Debtors’ cases during a month, CMP has written off the time as a courtesy to the Debtors.

7. Annexed hereto as “**Exhibit C**” is a schedule specifying the categories of expenses for which CMP is seeking reimbursement, and the total amount for each such expense category.

8. Pursuant to Section II.D of the UST Guidelines, annexed hereto as “**Exhibit D**” is a summary of CMP’s time records billed during the Compensation Period by project categories.

9. CMP maintains computerized records of the time spent by all CMP attorneys and paraprofessionals in connection with the prosecution of the Debtors’ chapter 11 cases. Subject to redaction for the attorney-client privilege where necessary to protect the Debtors’ estates, copies of these computerized records have been furnished to the Court, the attorneys for the official committee of unsecured creditors (the “**Creditors’ Committee**”), and the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), in the format specified by the UST Guidelines.

10. To the extent that time or disbursement charges for services rendered or disbursements incurred relate to the Compensation Period, but were not processed prior to the preparation of this Application, CMP reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

11. CMP has provided the Debtors, the U.S. Trustee, lead counsel to the Debtors, and the Creditors’ Committee with monthly fee statements for professional services rendered and expenses incurred on behalf of the Debtors, along with detailed reports of time entries and expenses. Pursuant to such statements, and in accordance with the Second Amended Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals approved by this Court [Dkt. No. 3102], CMP has requested that the Debtors pay CMP 80% of its fees for professional services and 100% of the expenses. By this

Application, CMP requests the release of the 20% “holdback” of fees for professional services rendered during the Compensation Period.⁴

BACKGROUND

12. Commencing on September 15, 2008 and periodically thereafter (as applicable, the “Commencement Date”), the Debtors and certain of its direct and indirect subsidiaries commenced with this Court voluntary cases for relief under chapter 11 of title 11 of the United States Code, as amended (the “Bankruptcy Code”). The Debtors are continuing to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

13. On September 17, 2008, pursuant to section 1102 of the Bankruptcy Code, the U.S. Trustee appointed the Creditors’ Committee.

14. On September 19, 2008, a proceeding was commenced under the Securities Investor Protection Act of 1970 (“SIPA”) with respect to Lehman Brothers Inc. (“LBI”). A trustee appointed under SIPA (the “SIPA Trustee”) is administering LBI’s estate.

RETENTION OF CMP

15. CMP was retained by the Debtors as of September 26, 2008 to serve as conflicts counsel for the Debtors. Among other matters, CMP is responsible for handling all bankruptcy-, corporate- and litigation-related matters where lead counsel for the Debtors, Weil, Gotshal & Manges LLP (“WGM”), or other counsel for the Debtors has an actual or perceived conflict of interest, and to perform discrete duties as assigned by WGM and other Debtors’ counsel that could be handled more efficiently by CMP.

⁴ The requested release of the holdback for the Compensation Period will not affect the holdback for any subsequent periods.

16. Pursuant to the Order of the Court, dated November 21, 2008, the Debtors were authorized to retain CMP as their conflicts counsel to render legal services in the prosecution of their chapter 11 cases.

17. Since its retention, CMP has coordinated its efforts with WGM so that their work is complementary and not duplicative.

18. WGM and CMP have experience working as debtors' general bankruptcy counsel and conflicts counsel, respectively, for large bankruptcy cases pending before this Court. *See In re Silicon Graphics, Inc., et al.*, Case No. 06-10977 (ALG) (Bankr. S.D.N.Y. 2006) and *In re Parmalat Finanziaria S.p.A., et al.*, Case No. 04-14268 (RDD) (Bankr. S.D.N.Y. 2004). As a result of these experiences and the continued efforts of WGM and CMP, the assignment of tasks is being maintained efficiently and with a clear delineation of duties. In addition, CMP is presently acting as conflicts counsel in *In re Charter Communications, Inc., et al.*, Case No. 09-11435 (JMP) (Bankr. S.D.N.Y. 2009), *In re Star Tribune Holdings Corporation*, Case No. 09-10244 (RDD) (Bankr. S.D.N.Y. 2009) and *In re Bally Total Fitness of Greater New York, Inc.*, Case No. 08-14818 (BRL) (Bankr. S.D.N.Y. 2008).

19. The work encompassed by this Application for which CMP seeks compensation was performed efficiently and at the lowest cost to the estates. All of the work summarized in this Application was performed in a manner to ensure minimal duplication of services in an effort to keep the administration expenses to a minimum.

**SUMMARY OF SERVICES RENDERED BY
CMP DURING THE COMPENSATION PERIOD**

20. During the Compensation Period, CMP performed substantial services for the Debtors. These services were necessary to effectively administer the chapter 11 cases.

21. As set forth above, the services provided by CMP are set forth in CMP's detailed time records. Copies of the detailed time records have been presented to: (i) the Court; (ii) the Debtors; (iii) lead bankruptcy counsel for the Debtors; (iv) counsel for the Creditors' Committee; and (v) the U.S. Trustee.

22. In accordance with the Guidelines and CMP's internal billing procedures, CMP has established separate matter numbers and matter names for distinct project categories in these chapter 11 cases. Listed below is a summary, by matter name, of services provided by CMP during the Compensation Period:

23. **Case Administration.** A total of 494.90 hours of services was performed and CMP is seeking allowance of \$190,581 in fees. This matter covers a variety of different services undertaken by CMP attorneys and paraprofessionals in the general administration of the Debtors' chapter 11 cases. Given the scale and complexity of the matters on which CMP advises the Debtors, CMP attorneys and paraprofessionals spent time on case administration in order to keep informed with respect to the matters on which CMP is representing the Debtors, as well as communicate with the conflict-related parties and other stakeholders of the Debtors with respect to ongoing matters in the Debtors' cases. To the extent possible, CMP attorneys and paraprofessionals billed administrative matters under the appropriate matter, and the amount of time billed to case administration was necessary to CMP's smooth and effective administration of the matters assigned to it in these chapter 11 cases. Services rendered by CMP in connection with this matter included the monitoring of the case docket for pleadings with potential conflict

implications, reviewing and maintaining a case docket of significant pleadings filed with the Court and keeping a calendar of critical dates in these chapter 11 cases.

24. **General Corporate Issues.** A total of 43.70 hours of services was performed and CMP is seeking allowance of \$19,907 in fees. This matter corresponds to general issues handled by CMP's Corporate department, especially advising the Debtors with regard to Riopelle Broadway L.P. ("Riopelle").

25. Riopelle was formed by Lehman in association with Caisse de dépôt et placement du Québec ("Caisse") and its wholly owned subsidiary CDP Investissements (together with Caisse, the "Quebec Partners") to acquire approximately \$750 million principal amount of certain funded (approximately \$550 million) and unfunded (approximately \$200 million) term loans of Energy Future Holdings Company (formerly TXU Corp.). To finance the purchase and funding of the underlying loans, Riopelle issued a Senior Variable Funding Note due 2012 in a principal amount of up to \$517 million to Lehman Commercial Paper Inc. ("LCPI"), and a Junior Profit-Participating Note due 2012 to the Quebec Partners, with LCPI holding a nominal (0.1%) junior ownership percentage, and with US Bank National Association ("U.S. Bank") serving as indenture trustee, and LBI as market agent, for the structure. CMP advised the Debtors regarding the parties' rights and obligations under the transaction documents, and related strategies.

26. **CMP Retention, Fee Applications and Monthly Fee Statements.** A total of 589.40 hours of services was performed and CMP is seeking allowance of \$227,816 in fees. At the beginning of these chapter 11 cases, CMP professionals prepared a retention application, reviewed potential conflicts based on the list of interested parties in order to fully and accurately disclose relationships that CMP has with parties in interest in Lehman's chapter 11 cases, and engaged in discussions with the U.S. Trustee to fully vet any potential issues

regarding CMP's retention. In addition, CMP prepared and served its Monthly Fee Statements all in accordance with the Guidelines. Tasks included reviewing all expenses, timekeeper entries, and Fee Statement schedules and tables for accuracy and compliance with the Guidelines. It should be noted that it is anticipated that these fees and expenses will be substantially lower in future compensation periods.

27. **Swap Transactions/Terminations/Analysis.** A total of 602.60 hours of services was performed and CMP is seeking allowance of \$270,849 in fees. This matter covers a multitude of services related to the analysis and resolution of the complex financial instruments affected by the Debtors' cases, including the review and analysis of ISDA agreements and synthetic CDO structures. Additionally, CMP assisted WGM in preparing pleadings related to the assumption and assignment of certain derivatives contracts on matters that CMP was handling.

28. **U.S. Bank Matters.** A total of 827.60 hours of services was performed and CMP is seeking allowance of \$453,268.50 in fees. In the early stages of the Debtors' cases, CMP reviewed and analyzed a series of 15 structured CDO transactions concerning both Lehman Brothers Special Financing Inc. ("LBSF") and U.S. Bank, as indenture trustee. The issuers in such transactions sold tranches of notes and also, in each case, a credit default swap to LBSF, which swap positions, collectively, appear to be in the money to LBSF. The issuers are identified as follows: (1) Exum Ridge CBO 2006-1, Ltd.; (2) Exum Ridge CBO 2006-2, Ltd.; (3) Exum Ridge CBO 2006-4, Ltd.; (4) Exum Ridge CBO 2006-5, Ltd.; (5) Exum Ridge CBO 2007-1, Ltd.; (6) Exum Ridge CBO 2007-2, Ltd.; (7) SGS HY Credit Fund I (Exum Ridge CBO 2006-3), Ltd.; (8) Aviv LCDO 2006-1, Ltd.; (9) Aviv LCDO 2006-2, Ltd.; (10) Airlie LCDO I (AVIV LCDO 2006-3), Ltd.; (11) Airlie LCDO II (Pebble Creek 2007-1), Ltd.; (12) Pebble

Creek LCDO 2006-1, Ltd.; (13) Pebble Creek LCDO 2007-3, Ltd.; (14) White Marlin CDO 2007-1, Ltd.; and (15) Airlie CDO I, Ltd.⁵

29. In addition to the aforementioned 15 transactions, there is a 16th transaction from the same series, Pebble Creek LCDO 2007-2, Ltd., for which the indenture trustee is Citibank. This swap was purportedly terminated on September 19, 2008 and, sometime thereafter, Citibank redeemed the collateral, consisting of shares in Lehman Brothers ABS Enhanced LIBOR Fund. CMP has performed a variety of tasks in an effort to discern how Citibank's termination of the swap and the liquidation of the collateral violated the terms of the indenture. CMP has also performed tasks related to a \$68 million deficiency with respect to LBSF's termination payment under the credit default swap, a deficiency described in a valuation statement voluntarily provided by Citibank. In addition, CMP has sent letters to Citibank's counsel detailing LBSF's position that the liquidation and distribution violated the provisions of the indenture and the swap.

30. **JPMorgan Chase Matters.** A total of 3,094.10 hours of services was performed and CMP is seeking allowance of \$1,608,081.50 in fees. During the Compensation Period, CMP worked on matters related to the various relationships between JPMorgan Chase ("JPMC") and the Debtors, including the analysis of pledges that Lehman provided which collateralize the JPMC entities' claims. To this end, CMP conducted interviews with a number of the Debtors' current and former employees; reviewed documents provided by JPMC; and drafted a detailed memorandum addressing the Debtors' relationship with JPMC and related matters and coordinated its efforts regarding this matter with other parties in interest, including the Creditors' Committee.

⁵ In late November, all matters concerning these 15 transactions were reassumed by WGM, with CMP continuing to act in an advisory and complementary role.

31. **CIFG Matters.** A total of 249.40 hours of services was performed and CMP is seeking an allowance of \$139,903 in fees. CMP attended to matters related to certain credit default swap transactions between LBSF and affiliates of bond insurer CIFG Guaranty (“CIFG”), including analysis of CIFG-initiated swap terminations to determine the validity of such terminations, and analysis of a CIFG restructuring and swap commutation transaction.

32. **Syncora Matters.** A total of 441.70 hours of services was performed and CMP is seeking an allowance of \$238,302.50 in fees. This matter designation covers all tasks related to a proposed restructuring of bond insurer Syncora Holdings, Ltd. (“Syncora”) and a related credit default swap commutation transaction, including working with common counsel to Syncora credit default swap counterparties with respect to the restructuring and commutation transaction, and conducting diligence concerning the credit default swap transactions between LBSF and Syncora affiliates.

33. **Fenway Matters.** A total of 29.00 hours of services was performed and CMP is seeking an allowance of \$15,231.50 in fees. CMP performed a preliminary analysis of the legal documentation constituting the Fenway structured finance transaction, including the securities issued by the issuer Fenway Capital LLC.

34. **Racers Matters.** A total of 337.30 hours of services was performed and CMP is seeking an allowance of \$188,562.50 in fees. CMP performed an analysis of the legal documentation constituting the Restructured Asset Securities with Enhanced Returns (“RACERS”) Series 2007 structured finance transaction, including a review of the securities issued by the RACERS Series 2007-MM Trust. CMP also advised the Debtors on issues relating to real estate interests included in the collateral pool held by the RACERS Series 2007-A Trust.

35. **Sasco Matters.** A total of 50.80 hours of services was performed and CMP is seeking an allowance of \$19,780.50 in fees. CMP performed preliminary analysis of the

legal documentation constituting the SASCO II structured finance transaction, including the securities issued by the issuer SASCO 2008-C2, LLC.

36. **Pyxis Matters.** A total of 947.90 hours of services was performed and CMP is seeking an allowance of \$539,591 in fees. For this project category, CMP provided services related to three CDO transactions: (1) PYXIS ABS CDO 2007-1 LTD (“Pyxis”); (2) MKP VELA CBO Ltd. and MKP VELA CBO LLC (“MKP Vela”); and (3) LIBRA CDO Limited and LIBRA CDO LLC (“Libra”).

37. In the Pyxis transaction, LBSF is a credit default swap counterparty and Bank of America, N.A., as successor to LaSalle Bank, is indenture trustee. On October 6, 2008, the indenture trustee, after having previously declared (i) an event of default, (ii) an acceleration of maturity of the notes, and (iii) an early termination date, distributed approximately \$386 million from a certain “Reserve Account” to the noteholders, to pay down the principal of the senior funded classes, and cancelled the remaining unfunded commitment of the Class A-1 noteholder, the Canadian Imperial Bank of Commerce (“CIBC”). CMP has researched, drafted and sent position letters to counsel for the indenture trustee, and for CIBC, setting forth LBSF’s position that any liquidation of investments or distribution of proceeds is in violation of the automatic stay and demanding that the indenture trustee immediately cease and desist from taking any further actions under the indenture, including, but not limited to, distributing any proceeds of liquidated collateral.

38. In the MKP Vela transaction, LBSF is a credit default swap counterparty and Bank of America, N.A., is the indenture trustee and, in the Libra transaction, LBSF is a credit default swap counterparty and The Bank of New York Mellon Trust Company, N.A., is the indenture trustee. In both transactions CMP negotiated standstill agreements with the trustees in which the trustees provided written assurances they would not further liquidate the

issuers' investments or distribute proceeds thereof. After these standstills were negotiated, WGM was engaged by the Debtors to coordinate the MKP Vela and Libra matters and CMP is now acting in an advisory and complementary role.

39. **Pine, Spruce and Verano Matters.** A total of 61.20 hours of services was performed and CMP is seeking an allowance of \$28,397 in fees. CMP performed preliminary analysis of the legal documentation constituting the Pine, Spruce and Verano structured finance transactions, including securities issued by issuers Pine CCS, Ltd., Spruce CCS, Ltd. and Verano CCS, Ltd.

40. **CEAGO Matters.** A total of 279.70 hours of services was performed and CMP is seeking an allowance of \$149,929.50 in fees. CMP performed a variety of tasks related to CEAGO ABS CDO 2007-1, Ltd., in which LBSF is a counterparty to a credit default swap and a total return swap with the CDO, and for which Bank of America, N.A., as successor to LaSalle Bank, is indenture trustee. An event of default allegedly occurred under the indenture, but the credit default swap and total return swap have not been terminated, and the maturity of the notes has not been accelerated. The tasks performed by CMP included advising LBSF with respect to certain segregated collateral held by the CDO to which LBSF is entitled, and analyzing LBSF's rights in the event of a liquidation.

41. **Rule 2004 Bankruptcy Discovery.** A total of 38.00 hours of services was performed and CMP is seeking an allowance of \$25,346 in fees. CMP reviewed responses and objections to motions to conduct discovery pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure. Additionally, CMP worked collaboratively with counsel to the Creditors' Committee to resolve issues related to their motion for 2004 discovery of JPMC.

42. **Bankruptcy Litigation.** A total of 590.40 hours of services was performed and CMP is seeking an allowance of \$332,829 in fees. During the Compensation

Period, CMP has provided services in primarily two bankruptcy litigation matters: one related to the Transition Services Agreement dated as of September 22, 2008 (the “TSA”), between the Debtors and Barclays PLC, and the other related to disputes involving GE Corporate Financial Services, Inc. (“GECFS”). With respect to the TSA, CMP advised the Debtors concerning their rights under the TSA. With respect to GECFS, CMP advised the Debtors in disputes under loan and loan participation agreements between the Debtors and Fusion Funding Limited (“Fusion”) and Fusion Funding Luxembourg S.A.R.L. (“Fusion Luxembourg” and, together with Fusion, the “Fusion Entities”), special-purpose vehicles whose purchases were financed almost exclusively from a secured credit facility provided by General Electric Capital Corporation, with GECFS acting as the loan servicer for the Fusion Entities. CMP has coordinated its efforts with respect to GECFS with counsel to the Creditors’ Committee.

43. **Non-Bankruptcy Litigation.** A total of 224.90 hours of services was performed and CMP is seeking an allowance of \$122,536.50 in fees at the outset of the Debtors’ chapter 11 cases. Early in the chapter 11 cases, CMP attended state court hearings on an emergency basis and filed Notices of Bankruptcy Filing in response to the numerous lawsuits brought for the purpose of attaching one or more bank accounts of Lehman entities or otherwise enjoining various Lehman entities from disposing of deposit accounts. CMP also coordinated with WGM with respect to the filing for bankruptcy protection of entities other than Lehman Brothers Holdings Inc. that were the subject of significant litigation.

44. **Hearings and Court Matters.** A total of 83.20 hours of services was performed and CMP is seeking an allowance of \$50,677.50 in fees. This matter encompasses all hearings and court appearances other than those specific to any of the aforementioned project categories (*i.e.*, omnibus hearings and state court hearings, including those hearings early in the Debtors’ chapter 11 cases that were held on an emergency basis).

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

45. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. *See* 11 U.S.C. § 331. The awarding of interim compensation should be based on the circumstances of the particular case. *In re Nana Daly's Pub., Ltd.*, 67 B.R. 782, 787 (Bankr. E.D.N.Y. 1986).

46. Section 330 of the Bankruptcy Code provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1). The Court has broad discretion in determining whether to allow compensation and determining the amount of compensation. *In re Nine Assocs., Inc.*, 76 B.R. 943, 944 (Bankr. S.D.N.Y. 1987).

47. Section 330 of the Bankruptcy Code also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and

- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

48. Courts within the Second Circuit have employed the “lodestar approach” for calculating judicial awards of compensation to attorneys. The lodestar approach was articulated by the Second Circuit in *New York State Ass’n for Retarded Children, Inc. v. Carey*, 711 F.2d 1136 (2d Cir. 1983). The lodestar method of determining reasonable compensation involves multiplying the hours spent on a case, based on attorney time records, by a reasonable hourly rate of compensation for each attorney based on prevailing market rates for private law firms performing services for non-governmental clients. *In re McLean Industries, Inc.*, 88 B.R. 36, 39 (Bankr. S.D.N.Y. 1988). Once calculated, this lodestar figure may be adjusted upward or downward to take into account the facts of the particular case. *In re Baldwin United Corp.*, 79 B.R. 321, 347 (Bankr. S.D. Ohio 1987). Factors regarding the difficulty, complexity and contingent nature of the case may thereafter be employed to arrive at a reasonable and just compensation in excess of the lodestar figure. *In re Stable Mews Assocs.*, 49 B.R. 395, 398 (Bankr. S.D.N.Y. 1985); *In re Chriss*, 38 B.R. 655, 657 (Bankr. S.D.N.Y. 1984).

49. In the instant case, CMP respectfully submits that the services for which it seeks compensation in this Application meet or exceed the standards set forth in section 330 of the Bankruptcy Code and applied by bankruptcy courts in this Circuit to determine the reasonableness of professional fees sought from a debtor’s estate. CMP also respectfully submits that the services provided to the Debtors during the Compensation Period were necessary and beneficial to the Debtors’ efforts to maximize the value of their estates. The professional services that CMP rendered were focused on pursuing an efficient reorganization and/or liquidation of the Debtors’ businesses that maximizes the value of the estates and recovery to

creditors. Except as otherwise set forth herein, CMP's rates charged to the Debtors are identical to the rates charged by CMP for comparable services in a non-chapter 11 context. Such services were not only necessary to benefit the Debtors' estates, but also to enhance potential recovery to creditors. Accordingly, CMP further submits that the compensation requested herein is reasonable and warranted in light of the nature, extent and value of such services to the Debtors, their estates and all parties in interest.

FEES AND ACTUAL AND NECESSARY DISBURSEMENTS OF CMP

50. CMP devoted 8,985.80 hours of actual recorded time during the Compensation Period resulting in time charges of \$4,611,589.50. \$922,310.30⁶ remains unpaid as of the date of this Application.

51. Throughout the Compensation Period, CMP sought to assign projects in this case to partners, associates and paraprofessionals who could most efficiently and expeditiously handle the tasks at hand. CMP respectfully submits that the legal services reflected in this Application are fair and reasonable and are commensurate with the quality of services provided herein.

52. In addition to the fees sought for legal services, CMP has incurred \$151,401.02 in out-of-pocket expenses and disbursements during the Compensation Period directly attributable to the representation of the Debtors.

53. No part of the compensation to be received pursuant to this Application will be shared with any other person or firm, and no other agreements, either express or implied, to share any compensation received as attorneys for the Debtors has been, or will be, made by CMP.

⁶ This amount reflects the 20% holdback from October 2008, November 2008, December 2008 and January 2009. CMP has deducted \$7.60 from this amount to rectify an earlier overcharge, bringing the total amount owed to \$922,310.30.

NOTICE

54. A copy of this Application has been presented to: (i) the Debtors; (ii) lead bankruptcy counsel for the Debtors; (iii) counsel for the Creditors' Committee; and (iv) the U.S. Trustee.

CONCLUSION

WHEREFORE, CMP respectfully requests that this Application be granted and that it be awarded an allowance of \$4,611,589.50 for legal services rendered to the Debtors during the Compensation Period, and \$151,401.02 for reimbursement of expenses, and that the Debtors be allowed to pay such amounts to the extent not previously paid, together with such other and further relief be granted as may be just and proper.

Dated: April 10, 2009
New York, New York

Respectfully submitted,

**CURTIS, MALLET-PREVOST,
COLT & MOSLE LLP**

By: /s/ Steven J. Reisman
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L. P. Harrison 3rd
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New York, NY 10178-0061
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*Conflicts Counsel for the Debtors and
Debtors in Possession*

EXHIBIT A

**CURTIS, MALLET-PREVOST,
COLT & MOSLE LLP**

101 Park Avenue
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Steven J. Reisman
L. P. Harrison 3rd

*Conflicts Counsel for the Debtors
and Debtors In Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
	:	Chapter 11
In re:	:	
	:	Case No. 08-13555 (JMP)
LEHMAN BROTHERS HOLDINGS INC., et al.,	:	
	:	
Debtors.	:	
	:	
-----X	:	

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS FOR
PROFESSIONALS IN RESPECT OF FIRST INTERIM APPLICATION OF CURTIS,
MALLET-PREVOST, COLT & MOSLE LLP FOR ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES**

I, L. P. Harrison 3rd, hereby certify that:

1. I am a partner with the applicant firm, Curtis, Mallet-Prevost, Colt & Mosle LLP ("CMP"), with primary responsibility for the chapter 11 cases of Lehman Brothers Holdings Inc., and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), in respect of compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed

Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “UST Guidelines”), and the Second Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “Administrative Order,” collectively with the Local Guidelines and UST Guidelines, the “Guidelines”).

2. This certification is made in respect of CMP’s application, dated April 10, 2009 (the “Application”), for interim compensation and reimbursement of expenses for the period commencing September 26, 2008, through and including January 31, 2009 (the “Compensation Period”) in accordance with the Guidelines.

3. In respect of section B.1 of the Local Guidelines, I certify that:

- I have read the Application;
- to the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Local Guidelines and the UST Guidelines;
- the fees and disbursements sought are billed at rates in accordance with practices customarily employed by CMP and generally accepted by CMP’s clients; and
- in providing a reimbursable service, CMP does not make a profit on that service, whether the service is performed by CMP in house or through a third party.

4. In respect of section B.2 of the Local Guidelines, I certify that CMP has complied with these provisions requiring it to provide the Debtors, counsel for the statutory committee of unsecured creditors appointed in these cases (the “Creditors’ Committee”) and the United States Trustee for the Southern District of New York (the “U.S. Trustee”) with, on a monthly basis, a statement of CMP’s fees and disbursements accrued during the previous month.

5. In respect of section B.3 of the Local Guidelines, I certify that the Debtors, counsel for the Creditors' Committee, lead bankruptcy counsel for the Debtors, and the U.S. Trustee are each being provided with a copy of the Application.

Dated: New York, New York
April 10, 2009

/s/ L. P. Harrison 3rd

L. P. Harrison 3rd

EXHIBIT B

**SUMMARY OF FIRST INTERIM FEE APPLICATION OF CURTIS, MALLET-
PREVOST, COLT & MOSLE LLP FOR SERVICES RENDERED FOR THE PERIOD
SEPTEMBER 26, 2008 TO JANUARY 31, 2009¹**

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED ²	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
PARTNERS				
T. Barry Kingham	L – 1969	\$785	14.10	\$11,068.50
Eliot Lauer	L – 1975	\$785	1.70	\$1,334.50
Joseph D. Pizzurro	L – 1977	\$785	86.10	\$67,588.50
Steven J. Reisman	RIG – 1991	\$785	210.30	\$165,085.50
Marie-Thérèse Allen	C – 1983	\$730	73.60	\$53,728.00
David Bayrock	C – 1995	\$730	396.50	\$289,445.00
Eduardo A. Cukier	T – 1990	\$730	13.40	\$9,782.00
L. P. Harrison 3rd	RIG – 1984	\$730	935.90	\$683,207.00
Michael J. Moscato	L – 1982	\$730	327.80	\$239,294.00
Turner P. Smith	L – 1980	\$730	316.50	\$231,045.00
Jeffrey I. Zuckerman	L - 1973	\$730	1.20	\$876.00
Nancy E. Delaney	L - 1989	\$675	224.90	\$151,807.50
Martin L. Forman	RE - 1986	\$675	38.90	\$26,257.50
Daniel R. Lenihan	C - 1982	\$675 ³	254.40	\$176,384.00
Andrew H. Seiden	C - 1993	\$675	328.40	\$221,670.00
TOTAL PARTNERS			3,223.70	\$2,328,573.00
COUNSEL				
Myles K. Bartley	L - 1999	\$595	254.20	\$151,248.50
Jerrold Bregman	RIG - 2003	\$595	418.70	\$249,127.00
Kuang-Chu Chiang	T - 2001	\$595	2.60	\$1,547.00
Susan F. Pollack	C - 1967	\$595	203.30	\$120,963.50
TOTAL COUNSEL			878.80	\$522,886.00
ASSOCIATES				
James V. Drew	RIG - 2002	\$575	2.90	\$1,667.50
Timothy McCabe	L - 2002	\$575	90.80	\$52,210.00
Susana M. Namnum	C - 1996	\$575	609.10	\$350,232.50
Loytavian Harrell	C - 2007	\$495	17.80	\$8,811.00
Kenneth S. Horowitz	RE - 1993	\$495	7.20	\$3,564.00
Peter J. Behmke	L - 2005	\$455	235.10	\$106,970.50
Benjamin Lowin	C - 2006	\$455	164.80	\$74,984.00
Joseph F. Clyne	L - 1984	\$415	12.10	\$5,021.50
Priya Swaminathan	L - 2007	\$415	307.70	\$127,695.50
John Balzano	L - 2006	\$375	149.90	\$56,212.50
Mark Bernstein	RIG - 2000	\$375	412.10	\$154,537.50

¹ In instances where professionals spent less than one hour working on the Debtors' cases during a month, CMP has written off the time as a courtesy to the Debtors.

² C – Corporate; L – Litigation; RE – Real Estate; RIG – Restructuring and Insolvency Group; T – Tax; * - Not yet admitted to the Bar.

³ Daniel R. Lenihan's hourly rate was reduced from \$730 to \$675 on November 1, 2008.

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Cindi M. Eilbott	RIG - 2007	\$375	381.00	\$142,875.00
Katherine M. Smith	L - 2007	\$375	67.20	\$25,200.00
Julie W. Arkush	L - 2008	\$335	92.60	\$31,021.00
Stefanie K. Beyer	RIG - 2008	\$335	39.50	\$13,232.50
Christina Manthei	RIG - 2008	\$335	200.00	\$67,000.00
Stefano de Stefano	C - 2008	\$335	394.30	\$132,090.50
Brian C. Tong	L - 2008	\$335	68.60	\$22,981.00
Steven Gibbs	L - *	\$290	12.50	\$3,625.00
Sarah Hale	L - *	\$290	29.70	\$8,455.00
Chelsea McLean	L - *	\$290	41.50	\$12,007.00
Jorge Lembeye	C - *	\$290	21.30	\$6,177.00
Shafiq Perry	C - *	\$290	425.20	\$123,308.00
Maria Stookey	C - *	\$290	44.00	\$12,760.00
Christina Tretter-Herriger	C - *	\$290	4.20	\$1,200.00
Jeanine Turrell	C - *	\$290	94.10	\$27,289.00
Brian White	L - *	\$290	75.40	\$21,866.00
TOTAL ASSOCIATES			4,000.60	\$1,592,993.50
CLERKS/PARAPROFESSIONALS				
Neal Goodman	L	\$250	19.50	\$4,875.00
Joseph Riley	L	\$195	5.00	\$975.00
Oleg Bitman	RIG	\$190	24.30	\$4,617.00
Samuel Coe	RIG	\$190	120.80	\$22,952.00
Jed Cohen	RIG	\$190	189.00	\$35,910.00
Ramon Miyar	RIG	\$190	390.40	\$74,176.00
Laura Raposo	RIG	\$190	29.40	\$5,586.00
Julio Velazquez	L	\$190	24.80	\$4,712.00
Corinne Brenner	L	\$180	2.60	\$468.00
Jude Barucha	RIG	\$170	1.20	\$204.00
Roman Vengerovskiy	C	\$170	34.30	\$5,831.00
Michael Malavarca	L	\$165	26.20	\$4,323.00
Christopher Rohoman	L	\$165	15.20	\$2,508.00
TOTAL CLERKS/PARAPROFESSIONALS			882.70	\$167,137.00

TOTALS			
PROFESSIONALS	BLENDED RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Partners	\$722	3,223.70	\$2,328,573.00
Counsel	\$595	878.80	\$522,886.00
Associates	\$398	4,000.60	\$1,592,993.50
Clerks/Paraprofessionals	\$189	882.70	\$167,137.00
TOTAL FEES INCURRED		8,985.80	\$4,611,589.50
TOTAL FEES REQUESTED		8,985.80	\$4,611,589.50

EXHIBIT C

**EXPENSE SUMMARY FOR CURTIS, MALLET-PREVOST, COLT & MOSLE LLP
FOR THE FIRST INTERIM COMPENSATION PERIOD FROM
SEPTEMBER 26, 2008 THROUGH JANUARY 31, 2009¹**

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Corporate Search Fees	\$ 37.93
Courier	1,984.53
Deposition Reporting/Transcripts	220.50
Duplicating	20,189.50
Filing Fees	49.00
Lexis/Westlaw	87,582.87
Litigation Printing	878.00
Long Distance Telephone	246.45
Meals Expense	1,622.60
Overtime	330.04
Pacer – ECF	716.00
Postage	57.34
Process Service	27.09
Telefax Expense	19.68
Telephone Audio Conference	1,967.01
Transportation Expense	6,972.31
Word Processing	<u>28,500.17</u>
TOTAL:	<u>\$ 151,401.02</u>

¹ All disbursements have been billed in accordance with the Guidelines.

EXHIBIT D

**COMPENSATION BY WORK TASK CODE FOR SERVICES RENDERED BY
CURTIS, MALLET-PREVOST, COLT & MOSLE LLP FOR THE FIRST INTERIM
FEE PERIOD SEPTEMBER 26, 2008 THROUGH JANUARY 31, 2009**

WORK CODE	DESCRIPTION	HOURS	AMOUNT
Matter No. 100	Case Administration	494.90	\$ 190,581.00
Matter No. 200	General Corporate Matters	43.70	19,907.00
Matter No. 300	CMP Retention/Billing/Fee Application	589.40	227,816.00
Matter No. 400	Swap Transactions/Terminations/Analysis/	602.60	270,849.00
Matter No. 410	U.S. Bank Matters	827.60	453,268.50
Matter No. 420	JPMorgan Chase Matters	3,094.10	1,608,081.50
Matter No. 430	CIFG Matters	249.40	139,903.00
Matter No. 440	Syncora Matters	441.70	238,302.50
Matter No. 450	Fenway Matters	29.00	15,231.50
Matter No. 460	Racers Matters	337.30	188,562.50
Matter No. 470	Sasco Matters	50.80	19,780.50
Matter No. 480	Pyxis Matters	947.90	539,591.00
Matter No. 490	Pine, Spruce and Verano Matters	61.20	28,397.00
Matter No. 510	CEAGO Matters	279.70	149,929.50
Matter No. 600	Rule 2004 Bankruptcy Discovery	38.00	25,346.00
Matter No. 700	Bankruptcy Litigation	590.40	322,829.00
Matter No. 800	Non-Bankruptcy Litigation	224.90	122,536.50
Matter No. 1200	Hearings and Court Matters	83.20	50,677.50
TOTAL		8,985.80	\$4,611,589.50